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BE AN OPEN- EYED CONSUMER...



**A HANDBOOK ON CONSUMER FRAUD
AND PROTECTION**



THOMAS L. JUDGE
GOVERNOR

HAROLD H. PITTS, DIRECTOR
DEPARTMENT of BUSINESS REGULATION

DICK M. DISNEY, ADMINISTRATOR
CONSUMER AFFAIRS DIVISION

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THOMAS L. JUDGE
GOVERNOR

Office of The Governor
Capitol Building
Helena, Montana
59601

Dear Fellow Montanans:

During my fifteen years in public office, I have always believed that one of the important functions of government is the protection of citizens from forces they cannot individually control. Consequently, I have committed my administration to protecting the consumers of Montana from unscrupulous business practices.

During the past two years, we have enacted strong, enforceable consumer protection legislation. We have created the state's first full-time agency devoted to safeguarding consumers. As part of this program, the Consumer Affairs Division of the Department of Business Regulation has prepared this consumer handbook.

Two questions that all of us frequently ask are: "How can I get the most for my money?" and "What are my rights as a consumer?" This handbook provides answers to these questions for the most commonly occurring situations.

I recommend that you refer to this handbook whenever you make a purchase. In addition, keep in mind that the Consumer Affairs Division is available to handle your consumer complaints. The Consumer Protection Statutes that Montana has recently enacted provide for the Division to go to court if necessary to protect consumer's rights to shop in a market place free of unscrupulous merchants.

I commend Department Director, Harold H. Pitts, and Division Administrator Dick M. Disney, for this handbook and for their continuing efforts on behalf of Montana consumers.

Sincerely,

A handwritten signature in cursive script that reads "Thomas L. Judge".
THOMAS L. JUDGE
Governor

ACKNOWLEDGEMENTS

The "Types of Fraud" section of this booklet was composed from parts of the Kansas Consumer Protection Division booklet written by District Judge David P. Calvert, Jack N. Williams, Assistant District Attorney and Marilyn S. Moody.

Literature written by Israel Packle, Attorney General Bureau of Consumer Protection and Joel Weisburg, Director of the Pennsylvania Bureau of Consumer Protection was also instrumental in composing this booklet.

We wish to thank all of the state, county and federal agencies for their generous support and contribution to our Department over the past two years of our existence. Without their help and moral support, we never could have accomplished a major portion of the task.

This booklet was written in response to requests from consumers for information on consumer fraud and protection. Too many Montanans are cheated by frauds, or are deceived by misrepresentation. Keep yourself from being victimized, read on! "Open eyed consumer" describes some common frauds, how to avoid them, and what to do if you think someone has deceived you. Examples of letters and phone conversations are offered to help you complain effectively. Lastly, a directory of agencies at the State, Local and National levels and their consumer areas is given for reference.

The Montana Unfair Practices and Consumer Protection Act of 1973 gives consumers broad protection from unfair and deceptive practices in trade or commerce, which includes false or deceptive advertising. Your Consumer Affairs Division and County Attorney's Office have the responsibility of enforcing this law. These offices need your help in reporting your experience.

An "alert" consumer is the best protection against fraud and deception. Keep this booklet handy. Refer to it when you or your friends need help.



INTRODUCTION

To help you make full use of this booklet and to give you a better understanding of the Consumer Affairs Division and services it provides, we have included the following list of some of the most commonly asked questions by consumers and the answers to those questions.

If there are questions that you have, please give us a call at 449-3163.

1. Q. Who is a consumer?
A. We are all consumers. We buy things—goods and services—to meet our needs and desires. When we do make a purchase, whether by cash or credit, we are entitled to receive full value for our money.
2. Q. If a consumer has a legitimate complaint concerning the sale or offer of sale, lease, rental or loan of a product or service, what steps should be taken to resolve that complaint?
A. When you have a problem you should first go to the seller or businessman against whom you have the complaint. If you cannot get your complaint satisfactorily resolved, then contact our office or other agencies having jurisdiction. (This procedure is set forth in detail on pages 26 and 27 of this booklet.)
3. Q. What is the jurisdiction of the Consumer Affairs Division?
A. Any complaint filed in the State of Montana or any complaint lodged by an out-of-state consumer against a Montana firm or corporation. You may contact either the Consumer Affairs Division or your local County Attorney where the transaction occurred.
4. Q. Is there a charge for this service?
A. There is no individual charge for our services. We are a tax supported agency with an operating budget approved by the Montana State Legislature.
5. Q. What other services are provided?
A. With time allowing, talks are given by staff members to any group interested in learning more about consumer fraud and protection. There is no charge for this service.
6. Q. What are your office hours?
A. 8:00 a.m.-5:00 p.m. Monday through Friday. By contacting the Citizen's Advocate in the Governor's Office; they main-

tain a toll free number which will record messages on the weekend. (800-332-2272)

7. Q. What is the amount of loss that must have occurred before your office will handle the complaint?
 - A. There is no minimum loss. "Don't take being taken, whatever the loss." Contact us for help.
8. Q. What other services are available to consumers who have legitimate complaints?
 - A. We have a network of communications established with most of the other 49 states relating to consumer problems and in particular concerning purchases made out of the state of Montana where our office has no jurisdiction. We rely heavily upon other states' consumer protection agencies for assistance in regard to these types of complaints.

The Chamber of Commerce located in your particular community also helps arbitrate complaints relating to their merchant members.

SMALL CLAIMS COURTS

House Bill No. 528 will become effective July 1, 1975. This bill gives the method in which to create a Small Claims Court. It states that there may be created within the jurisdiction of the District Court of any County of the State of Montana a separate court to be known as the "Small Claims Court."

Such a court may be created by a resolution passed by the Board of County Commissioners after consultation with the District Court judge of the Judicial District in which such county is located, or by county initiative as provided in Title 37, Chapter 3, R.C.M. 1947. Upon such order or passage of the resolution or initiative, the Judge of the appropriate Judicial District shall, by court order, establish a Small Claims Court under the Provisions of this Act. When the order is filed with the Clerk of the District Court of the appropriate county, the Clerk of the District Court becomes the Clerk of the Small Claims Court.

The amount of any such action in Small Claims Court is \$1,500.00. A party may not be represented by an attorney unless all parties are represented by an attorney. (Any other kind of organization or entity shall be represented by one of its members or employees.) No assigned claims may be filed in Small Claims Court.

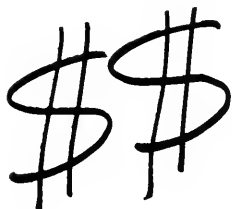
We suggest that you contact the Secretary of State's Office for a certified copy of this Bill, as we have only outlined the highlights.

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TYPES OF FRAUD

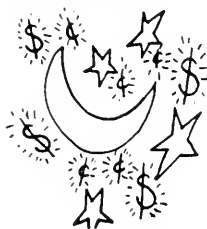
BUSINESS OPPORTUNITIES



This type of promoter usually is from out of state and attracts your attention by an ad placed in a newspaper, generally found under the business opportunity section in the classified pages. These ads promise profit of up to \$50,000.00 yearly full time or \$25,000.00 part time. (Figures vary according to location.) All you have to do is invest \$2,000.00 in their company and you are on your way to being financially independent.

REMEMBER: Hard work is the only way to achieve financial success. If you are interested in investing in a business opportunity, check out their promises and representations carefully, and if you have any doubt concerning a particular company or firm, contact our office. Before you invest your hard-earned money, make sure that the firm is as legitimate as they claim to be.

FRANCHISE AND INVESTMENT



There is more than meets the eye to the slogan of the Better Business Bureau, "Before you invest, investigate." The Honorable Louis J. Lefkowitz, Attorney General of the State of New York, recently conducted a survey and study of more than 1,000 companies engaged in the franchise business. The survey revealed that the vast majority of these companies through their deceptive advertising programs offered a totally different contract than the consumer had agreed to. When you respond to advertisements for franchise, you receive advertising literature that promises the moon and half of the planet Venus. The literature itself is of such a quality that you are led to believe that you will receive the moon, half the planet the Venus, and another 2/3 of the Milky Way. Franchise companies spend a large amount of money on advertising to make their offer irresistible. Promises of high profits from small investments are rarely forthcoming.

After some people build a profitable franchise, a hidden provision in the franchise agreement allows the franchisor to come in and take over the local franchise with repayment of the franchise fee. Be careful of contracts which require you to purchase materials and equipment from the franchisor, as well.

Misrepresentations in franchise and investment opportunities rank near the top on the list of deceptive commercial practices handled by consumer protection agencies throughout the country.

Seek legal advice before entering into any contract that involves a

large amount of money, or if your pocketbook is like ours nowadays, any amount of money is a large amount.

PRODUCT AND DIRECT SALES

BAIT AND SWITCH



Bait and switch advertising is an insincere offer by a merchant. The merchant "baits" you into the store with what appears to be a bargain and then "switches" you to a product which offers him a higher profit. This scheme is used in the sale of vacuum cleaners, sewing machines, and meat. There are other forms of bait and switch, however, the above named are the most prominent. Here is how it works: an advertisement promises U.S. Choice beef at 87¢ per pound; when you enter the store the salesman is "kind enough" to tell you that the advertised meat is fat and that it is probably tough. He then directs your attention to meat which is hanging next to the 87¢ special and is a higher quality than that advertised, this sells for around \$1.37 per pound. You are "baited" into the store with the promise of meat at 87¢ per pound and are subsequently "switched" to meat at \$1.37 per pound. By disparaging his own product, the salesman has increased his profit at your expense.

Bait and switch is also used in some instances where sewing machines and vacuum cleaners are advertised as nationally-known models. When the model is shown to you, the salesman degrades it by stating that it is an out-of-date or defective model, and immediately switches you to the more expensive, higher profit model which generally is an off-brand. On occasion, when you respond to a "bait" advertisement, the item advertised is either "used" or the store "just sold the last one."

This practice is even more serious when it comes to engine overhauls and transmission repair. What is advertised as a \$10 special as "bait" may turn out to be a "switch" to a \$300 repair job. If you refuse the job and refuse to pay for putting your car back together, you may take your car home in a completely dismantled condition, or allow the repairman to keep your car and sell it to pay the bill.

It is always wise for the consumer to shop around, compare prices and quality of the product, and in particular on automotive repair to get at least three quotations from established reputable businessmen in your community.

Bait and switch should not be confused with a legitimate business practice called "trading up." A businessman can be honest about his product and tell you of its shortcomings without running it down.

CONTEST WINNERS

**YOU
ARE A
WINNER!**

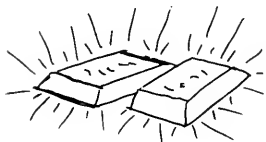
Contest winners are often chosen from mailing lists. On a mailing list of 1,000 persons, for example, you may find one first-place winner and 999 second-place winners. Second prize is a discount of \$150 on a \$229 appliance. As a "winner" you have the opportunity to buy the appliance for only \$79.00, when in truth, it sells for \$69.00 in local stores.

Other contests award you a "free product if you purchase a cabinet, a ten-year service agreement, or something else of value. In this scheme, the "thing of value" costs as much or more than the product itself.

Some puzzle contests and drawings are schemes. Regardless of the correctness of the answer or the order in which your card is drawn, you are a "winner."

GOLD AND SILVER FRAUDS

Gold and silver frauds usually take one of three forms.



Ponzi Schemes—(company doesn't have the gold or silver).

Where you buy on contract and you receive an ownership certificate rather than the actual possession of the gold or silver.

Profits—The seller fails to tell you of the hidden costs of broker's fees, assayer's fees and storage costs.

UNORDERED MERCHANDISE



Unordered merchandise is mailed by unscrupulous businessmen with two thoughts in mind. First, the resident will be under the impression (because of some correspondence in the package) that he actually ordered the merchandise, and will pay for it. Second, the firm feels that by constant billing they can force the consumer into paying. By law, unordered merchandise is a "gift" and need not be returned.

This is commonly known as "negative option selling" and is illegal for any firm or corporation to use this method of selling. You have three means available to you for disposition of this type of merchandise; you can use, you can throw it in the garbage, or you can return it to the sender C.O.D. Any contractual arrangement that you have not agreed to is unenforceable in a court of law.

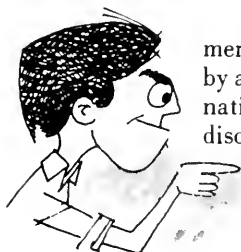
FREEZER PLANS



Many times, freezer plans are utilized by con men. With a promise of reduced food prices, the "merchant" sells a freezer with the food to fill it. Meat which has a retail value of \$400, for example, is sold to you for \$350. In connection, you must purchase a food freezer for \$600. What you are not told is that the freezer ordinarily retails for \$300. In addition, you must purchase a six-month supply of meat at once. The meat is purchased by contract, so you make the payments for the six months which the meat is supposed to last. More often than not, you will discover that the meat is not enough to feed your family for a six-month period, and that the interest on the contract exceeds the money you save. You have paid \$950 plus interest for \$700 worth of merchandise.

There are legitimate wholesale food plans. A thorough investigation, including a check with your local Chamber of Commerce will verify this in any case.

FALSE TESTIMONIALS



Occasionally, false testimonials are presented by a merchant as being a bona fide endorsement of his produce by a celebrity. This occurs more locally or regionally than nationally, since it is more difficult for a celebrity to discover that his name is being used without his permission if the product is not sold nationally. It is important to be familiar with the celebrity and with the product. Feel free to ask the salesman for names of other satisfied users of the product. If he's on the level, he will not mind giving them to you.

The Federal Trade Commission just recently stated that "if celebrities advertise a product, they must actually use the product themselves." If this becomes a rule of the F.T.C., we might see less of T.V. and sports celebrities on commercials than in the past.

REFERRAL SELLING

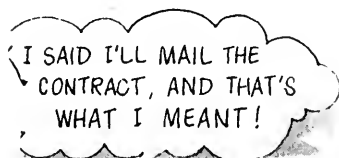


Referral selling is a practice that has come under close scrutiny by the Consumer Affairs Division in the past two years. A fast-talking door-to-door salesman promises you that your merchandise will be paid for if you give him names of your friends. He tells you that every time he sells one of your friends his product, you will receive a rebate of a certain amount of money, say \$30. If your purchase price is \$150, he will be quick to explain that your bill will be paid if only five of your friends buy the product. However, chances are that you will pay the full purchase price.

Assume that the salesman calls on you first and contacts the five persons by the end of the first week. He will contact six persons by the end of the first week—you and five other persons. If each of your five friends gives him five names and he contacts them, at the end of the second week he has contacted 31 more people. By the end of the ninth week, the salesman has talked to 500,000 MORE people than live in Montana. At the end of the twelfth week, he has contacted 100 million MORE people than the population of the United States, and at the end of the fourteenth week, he has contacted over double the population of the world. Obviously, even if you were the very first person this salesman visited, the plan would never make you a lot of money. In all likelihood, the salesman is well past the sixth or seventh week by the time he talks to you.

The Division proposes to publish a rule under the Administrative Procedures Act, which will in effect, outlaw referral selling in the State of Montana.

MAGAZINE SUBSCRIPTIONS



Magazine subscription salesmen smother the country with offers of "free" magazines, as long as you pay the postage and handling. Generally, this is about 49¢ per week.

If approached by phone, you are told that you have been selected because you just had a baby, just bought a new car, just moved into town, just changed your residence, just got a hair-cut, or something of equal importance. The solicitor states that you only have to pay for the magazines for a short period of time, say 30 months. He says that most people make these payments in installments of \$3.50 per month. The contract you sign obligates you to pay \$105 over a period of two and a half years. This exceeds the normal subscription price of all the magazines to which you have subscribed by \$15 or \$20. Many times you do not receive all the magazines you ordered.

The door-to-door magazine salesman makes certain misrepresentations. He will tell you he is working his way through college; that he is getting points for a scholarship or a trip to Europe; that he is selling magazines for a charitable organization; or that he is selling them in connection with some youth program. With the door-to-door approach, the total purchase price well exceeds the subscription price also.

Montana does have the "three day cooling off" law. This statute was adopted by the 43rd Legislature and states that any contract sale made in the home in which the purchase price is \$25.00 or more may be canceled until midnight of the third business day after the day on which the sale was made. The Federal Trade Commission adopted a similar rule which was effective in June of 1974.

Magazine salesmen use collection techniques that are likewise

deceptive. You are threatened with a lawsuit, garnishment of your pay check, and worse. But, contracts induced by fraud are unenforceable in our courts.

In the final analysis, salesmen sell magazines for their own benefit and for the benefit of their company.

THE ENCYCLOPEDIA GAME



Your "free" encyclopedia may be waiting in the car of a salesman if you agree to assist the company in their "advertising promotion." The salesman may represent himself as part of a survey research team.

Always ask to see the proper identification of any salesman or researcher before you let him into your home. The salesman announces that you have been selected to participate in an advertising program for a new encyclopedia in a pre-publication offer. The company only asks you to write a letter recommending the encyclopedia, and to use the books. To qualify you have to have enough money to pay for the added extra "bonus" that goes with the encyclopedia program. Of course, you must purchase the bonus before you get the encyclopedia. The total cost of the program exceeds the value of the encyclopedia and bonus.

FOR SALE BY OWNER



"For sale by owner" may appear in the classified section of the newspaper. The ad declares that the owner no longer has need of his "second car" and must sell it at a greatly reduced price. In some cases, the car is not a second car at all, but was purchased wholesale by the seller with the intent to sell it at retail. Some backyark dealers sell 15 or 20 automobiles a year this way. Check with the prior owner to determine where he sold the car to reduce the chance you are getting a "junker." Call the County Treasurer's Office and give the car registration number to get the name and address of the prior owner.

Under Federal Law, you are entitled to a certified copy of an odometer (mileage) statement, Form 580.6 Disclosure stating the true odometer mileage on the vehicle described.

WHOLESALE BUYERS' CLUBS



Wholesale Buyers' Clubs guarantee that you will be able to purchase any merchandise sold at retail in stores everywhere, at discounts ranging from 14% to 75%. The salesman persuades you to sign for a \$300 membership fee by showing you examples of items that can be purchased at great savings. He does not explain that these examples are not truly representative of the program.

Next he offers you a bonus so you will sign a contract. Bonuses may be

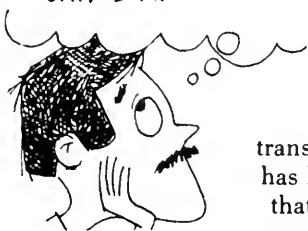
5. Be certain to find out about all fees including entrance and exit fees, fees for garbage disposal, utility fees, set-up fees, and any others.

6. Get a lease that covers as long a period as possible. This will offer some protection from a landlord who might attempt to impose arbitrary rent increases or might attempt to evict you with little notice.

SERVICE AND REPAIR

LO-BALLING

CAN I AFFORD IT?



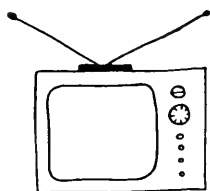
Lo-balling is a common fraud in business, with some operators using it not even knowing the common name. These businessmen offer a common service at a low price. Essentially this practice consists of getting an item, like an automobile transmission or motor, into a repair shop. After it has been dismantled in the shop, you are notified that a substantial repair job must be done before your car will operate properly. The repairs are for problems that you never knew existed. The repairman tells you that he just happens to have a special rate on these repairs. If you insist that he perform only the service originally offered, the repairman states that if you simply want him to put the article back together, it will cost you more than you planned to spend in the first place.

If you refuse to have your car fixed and refuse to pay him, the repairman exerts a lien on your car and can legally sell it, if you do not pay the bill. The way to avoid lo-balling is:

1. Get at least three estimates from local, reputable auto repair shops.
2. Ask for a signed, itemized statement for all repair work to be performed.
3. After the work is started, and unknown complications appear, make sure that the service or repair shop contacts you first, if the additional work will exceed 10% over the original estimate.

Quite often, we are in need of either emergency service or repair. We never stop to ask the question, after explaining our problem, "How much does your shop charge for labor and approximately how much for parts?" After the bill is presented, then it is too late to haggle over the charge. Ask for and receive this information **prior** to any type of service or repair being performed.

PHONY TV REPAIR



The TV repair business is now in full bloom with the advent of the color television set, a machine about which most of us know nothing.

TV repair has been a lucrative field across the nation over the past several years. It takes an expert to know what is wrong with a set. Although many sets can be repaired in the home, you are told that the set must be taken to the shop for repairs. When this is done, there is a "bench fee," a charge simply for putting the set on the work bench. Try to find someone who will come to your home to give an estimate, also be sure to find out whether there is a "bench fee." A transportation fee is charged to bring a broken item into the shop. Take the item in yourself and avoid this fee.

Some "repairmen" are not really repairmen, but are simply sent out in service truck with instructions to get the set into the shop for a repair. Ordinarily, phony TV repairmen fix the set not only by replacing defective parts and making needed adjustments, but also by replacing parts which are not defective, and charging for parts not replaced, and for labor not performed. Deal with a reputable company so you will not get into a bad picture.

TOOLS AND APPLIANCE RENTAL



Tools and appliance rental is a booming new business, subject to abuse like any other new industry. Contracts on rentals are of two types. The first, a simple rental agreement, provides for you to rent a TV, for example, at the rate of \$6.50 per week, payable in advance. For long-term rental this is economically unsound;

you can borrow money (even at the highest rate allowed by law) and buy a TV set for less money.

More common is the rent-to-buy agreement which appears as an oral or written option to buy. The terms are the same, but the renter tells you that if you pay on a stereo for 72 weeks at \$6.50 per week, the stereo will be yours. These contracts are covered by the Truth-in-Lending Law, and the renter-seller is obligated to tell you the dollar amount of interest, the annual percentage rate, and down payment, and number of payments. With this type of agreement, there may be a provision that the seller can cancel at any time for any reason. Do not sign contracts with this provision, or you may discover that at the end of 71 weeks the renter cancels the contract and takes back the stereo. When this happens, 71 weeks of payments are down the drain.

FREE ESTIMATES

FREE
??? ?

In the service and repair of everything from small appliances to automobiles, some businessmen will offer free estimates. You are not told at the time you bring your item in for the estimate that the repairman must tear it down to determine what is wrong with it, and if you decide not to have it fixed, he will charge for labor to put it back together. This practice is related to lo-balling.

HOME IMPROVEMENT FRAUDS

FREE INSPECTION



Free inspections are "graciously" and "generously" provided by salesmen to sell certain products. One furnace company, in business for 29 years before they were stopped, inspected furnaces for unsuspecting customers. After a thorough "inspection" by the "furnace experts" the determination was made that the old furnace might explode, catch fire, or cause some other disaster. As a result, the home owner was induced to buy a new furnace. By use of this scheme, some home owners were persuaded to buy a new furnace every two or three years from the same company. The moral of this story is that you should always deal with a reliable company. Call the local fire inspector or gas service company for free safety inspections.

ALUMINUM AND STEEL SIDING



Aluminum and steel siding salesmen have always worked the State of Montana either by direct contact or over the telephone. Like the seven year itch, they show up regularly, strike fast, and depart even faster.

The most common tactic in selling aluminum or steel siding is the advertising approach. You are told that you have been selected as a representative in your area to exhibit siding on your home. The only requirements are that you write a letter to the company expressing your gratitude for the free siding, and allow your home to be used in television and news commercials. The total cost of installation can exceed the fair market value of the siding, and the siding itself may turn out to be an inferior quality that will render your house in worse condition than before the job was done.

The other selling method is combined with a "mechanic's lien racket." You sign a contract agreeing to pay for the aluminum siding on the basis of an estimate by the salesman. The siding is installed, and the final cost is five or six times the estimate. Then you are told that if you do not pay the total price, a mechanic's lien will be placed on your house and foreclosed, in which event your house would be sold to pay for the aluminum siding. Always make sure that the contract contains the total price. Deal with a reputable contractor. Take the time to contact our office before signing any contract. A few days delay in finding out about a company or their sales representative can save you a lot of grief and money. Any company or salesman worth their "salt" will not require you to sign any contract or agreement on the spot.

HOME REPAIRS

3 FIRM ESTIMATES

Your chimney will fall, they say, unless it is "pointed up" and repaired. You pay for work they claim was done, only to discover that the chimney was only cleaned with a wire brush.

For a bargain price, the Williamsons offer to "paint" your house, but they use a coat of linseed oil and chalk, not weatherproof paint. Or a gallon of paint is mixed with five gallons of water and you then find out that your home is not "drip dry."

Always check with the local Chamber of Commerce, your county or city consumer offices or us before you contract for home repairs, especially transient home repairs.

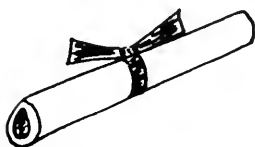
Another good rule to follow concerning any type of solicitation at your home is the following.

1. Make sure that the individual or individuals identify themselves and that you physically check their credentials.
2. Almost all of Montana's counties and cities have ordinances concerning home solicitation and these ordinances make it illegal to solicit in a residential district without a permit to do so.
3. State agencies regulate the numerous occupational and professional, agricultural products and services, insurance and investments, etc. Licenses that are required by the companies and their salesmen to operate in the state. "Ask to see this license," make sure it is current, and if you have any doubts, contact the agency that has jurisdiction or call toll free 800-332-2272 and ask the Citizen's Advocate for assistance in reaching the proper authorities.



PERSONAL IMPROVEMENT

HIGH SCHOOL DIPLOMAS



High school diplomas are offered for persons who were never able to obtain a high school education. Schools offering diplomas occasionally prey on the unemployed with a home study course. Frequently, tuition is expensive and the diploma may not be worth the paper it is printed on. To determine the reputation of the school, check with our Division, as we regulate and administer the licensing of all proprietary schools in Montana and those out-of-state that do business in Montana. You should also check with your local Board of Education to see what programs are offered.

TRADE SCHOOLS

Usually advertisements for trade schools appear in the help wanted section of the classified ads. The bold print reads: "Three hundred jobs available for heavy equipment operators. Make \$200 per week." Initial offers guarantee professional training, housing while you are going to school, and a job when you finish. After enrolling, you find that the training is inadequate, there are no dormitories, and jobs are no easier to find than before you went to school. The training you receive could be received on the job from a general contractor. These schools operate in the areas of heavy equipment, automotive repair, airline hostessing and others. Under Montana law, trade schools operated for profit must be licensed by the Department of Business Regulation. Check with this Division before enrolling.

CORRESPONDENCE SCHOOLS

Correspondence schools offering jobs for writers, artists, and the like are frequently nothing but an out of work artist with a post office box. If you send in your trial sample, regardless of its quality, you will be told that you have talent. Be sure that you are dealing with a reputable school. If possible, talk to the artist or writer in your local area to get his opinion of your talent before you spend a lot of money on a mail order course. To determine the reputation of the school, check with our Division, as we regulate and administer the licensing of all proprietary schools doing business in Montana.

DANCE STUDIOS



Dance studios prey on widows, widowers, and elderly people. They tell you that you can make new acquaintances, meet new friends, and become the life of the party by learning to dance. You sign up for an initial lesson and at the conclusion of that course, you are told that you are doing better than average and qualify for an additional course. One lady was told this so many times that she eventually spent over \$30,000 on dance lessons and will be over 100 years old before she can take them all.

LONELY HEARTS CLUBS



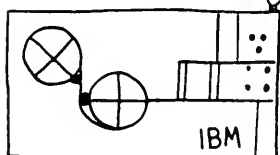
Lonely hearts clubs are common vehicles for two kinds of fraud. First, the club simply gives you somebody else's name—"a pen pal"—for a fee which is more than the service is worth.

The second scheme is more serious. Many times without knowledge of the club, the professional con man will contact members of the club. He knows that many of them will be older persons who are financially well-off but lonely. These persons make prime targets for

the con man, who will be more than happy to relieve them of as much of their money as possible by using any number of schemes.

COMPUTER DATING

Computer



Computer dating services are relatively new in this country, and few of them have many members. When you answer an ad for a computer dating service do not rely on statements advertising many members in your area; some of these services will call the entire Northwest your area. You may find yourself with a com-

puter-matched date from Wyoming, Idaho or Washington. Check with the service to find out exactly how many persons are members in your city or county. A lot of this, of course, depends on how far you wish to travel for a date. You will usually find these types of ads in the classified section of your local newspaper. "When in doubt, don't get involved."

MEDICAL FRAUD

Medical fraud is perpetrated on those who are afflicted with incurable diseases such as arthritis. Contrary to the promise of some advertise-

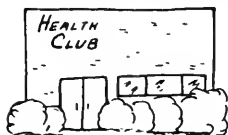
ments, copper bracelets will not cure arthritis. Millions of dollars are being spent on research to find cures for the incurable diseases. Once a cure is found for your particular ailment, it will not be advertised through a classified advertisement nor sold door to door. Check with your doctor first.

SONG SHARKS



Song sharks and vanity publishers operate in much the same way that correspondence schools do. You may spend two or three hundred dollars to get your song published. Usually this simply means that it will be printed on a piece of paper; often there is an additional charge for distribution and promotion. Sometimes trips to the South for recording sessions are made, however, the consumer is usually left with nothing to show for this effort.

HEALTH CLUBS



Health clubs sometimes make misrepresentations of membership fees. You may be given the impression that you will pay two or three times the present rate if you delay your membership application. When you sign up for a two-year period at \$20 per month, you should realize that you are signing a two-year contract and agreeing to pay \$480, membership fee. If you are not aware of this at the time you sign, you certainly will be when you are contacted by the financial institution to which your contract has been sold.

MAIL ORDER INSURANCE



Mail order insurance may not be the bargain it purports to be. Before you buy, check the policy provisions and compare them with other coverage by your local insurance salesmen. If the company is unfamiliar to you, contact the State Commission of Insurance, 449-2040, for assistance.

WIGS



Wigs come in various sizes, materials, shapes, colors and compositions. There are various qualities in wigs that are of European hair, those of Oriental hair and those of synthetic fibers. European hair is a higher quality and more desirable hair for wigs because it is easier to

manage. There are a few hair experts in this area who can tell you what your wig is. Know the person from whom you buy your wig. If you want European hair, make sure that this is what you are getting and make that part of your guarantee.

PATENTS AND INVENTIONS

Advertisements may be found in newspapers which offer to research and assist in filing patents on inventions. These schemes operate in much the same way as correspondence schools. For example, a young man here in Montana answered an ad in an eastern newspaper and was led to believe that an invention that he had developed should be patented. He submitted the plans to be researched and filed on his behalf through a Washington, D.C. Patent Office. The office appeared to be related with the federal government when in fact it was not. The privilege of having his invention researched and filed has cost this man \$250 and to date he has received nothing.

CHINCHILLA RAISING

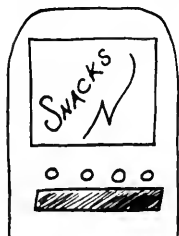
*EARN \$ in free time
RAISE CHINCHILLAS!*



Promoters of chinchilla ranches state that chinchilla ranchers earn thousands of dollars a year in their spare time. For an investment of several hundred dollars, they promise you a lifetime income. The promoters sell the chinchillas for about \$300 each, and tell you that a good chinchilla pelt can bring \$100 to \$300. With 6 to 8 offspring a year from each pair of chinchillas, it is obvious that in less than one year the chinchillas will more than pay for themselves. This representation is false. The average price received for chinchilla pelts in the U.S. is approximately \$14.00. Chinchillas do not average 6 to 8 offspring a year, and infant mortality can be up to 20%.

Good chinchillas can be purchased from professional breeders for \$25 to \$50 each. If you are interested in raising chinchillas, discuss the pros and cons with a legitimate chinchilla breeder. No chinchilla breeder has made significant profits in the Northwest. Even those who have invested heavily in a large operation have lost money.

VENDING MACHINE PROMOTERS



Vending machine promoters virtually abound in the Northwest. Their ads promise profits over \$1,000 a month with a minimum investment and 8 to 12 hours of your time each week. Remember: the vending machine promoter is primarily interested in selling vending machines. Because of this, his machines are of inferior quality and sell at a grossly inflated price. You may find that you have purchased a \$50 vending

machine for \$500. Most promoters also offer to obtain the locations for your machines. Although they promise "prime" locations, such as airports and other high-traffic areas, most machines are placed in service stations beside machines that have been there for some time. Other machines generally offer a wider selection of nationally known merchandise, make change, and are more durable than the machines you have purchased. Once you have invested with a vending machines promoter, you have two chances of getting your money back from the company or making any money on your route—slim and none.

If you wish to go into the vending machine business, contact a local vending machine company; legitimate operators will be frank with you and discuss the difficulties involved in servicing vending machines. Generally, you can buy a high-quality machine at a reasonable price locally, and will have your choice of which products you wish to vend.

CHAIN LETTERS



Chain letters promise exaggerated returns when you send a dollar to the promoter. The promoter does not tell you that after six rounds of the chain letter, double the population of the State of Montana will have received the letter. In little time, if everyone does what they are supposed to do, everyone in the world will receive it. Persons joining the chain after the third round have almost no chance of getting their money back, much less making any money.

An act prohibiting the use of chain distributor schemes and providing a penalty has been enacted by the Montana State Legislature. Section 1 of this Act states that it is unlawful for any person to promote, sell or encourage participation in any chain distributor scheme. A chain distributor scheme is a sales device whereby a person, under a condition that he make an investment, is granted a license or right to recruit for consideration one or more additional persons who are also granted such license or right upon condition of making an investment, and may further perpetuate the chain of persons who are granted such license or right upon such condition.

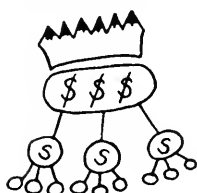
Title 18 Section 1302-1341 and 1718 of the U.S. Postal Regulations prohibit the use of chain letters.

MAKE MONEY AT HOME

"Mail postcards from your home," promises the ad, "and make money in your spare time." For a franchise fee, you have an opportunity to mail advertising literature for various businesses from your home. The

literature is provided for you by the promoter, so long as you pay the franchise fee. You are promised a certain fee, depending on the number of advertisements you mail. Usually, once the promoter has his franchise fee, the advertisements are not forthcoming and you are out your investment.

MULTI-LEVEL SALES



Multi-level sales promotions are unlawful in Montana since July of 1973. They are, by their very nature, deceptive.

There are generally three levels at which a particular product, say a cleaning product, is sold. The retailer works on a markup of 30%, the direct distributor operates on a markup of 40%, and the general distributor operates on a markup of 45%. If the retailer sells an item for a dollar, the retailer gets 30¢, the direct distributor gets 10¢, and the general distributor gets a nickel. The general and direct distributor are promised large fees for persuading other persons to pay \$3,000 for a distributorship, but the end result of the whole promotion is that no product is sold. There are no retailers, very few direct distributors, and a multitude of general distributors, all of whom are trying to induce others to buy a share of the program. The product turns out to be money, and the mathematical formula which renders the program faulty is the same one which makes a chain letter unworkable. In a very short time everyone wants to be a boss, and no one wants to sell the product. In spite of the fact that there may be a warehouse full of cleaning products, none of the product is being sold at retail. Eventually, everyone gets discouraged and the distributors try to salvage what they can by sale of the product in bulk.

If you are familiar with the Glen Turner Enterprises of Florida, this is the best example of multi-level sales promotions in recent years.

INSURANCE INVESTMENTS



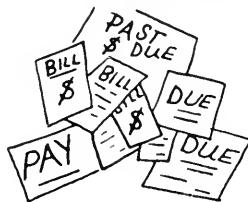
Investments in fast-growing insurance companies are becoming a vehicle for deception. You are urged to buy "units" in insurance companies for a guaranteed return. While the companies are approved by the Insurance Commissioner,

recognize the fact that you are not buying an interest in the company, but are really buying insurance.

"When in doubt," call the State Insurance Commission Office, 449-2040, regarding insurance or investments.

MISCELLANEOUS PRACTICES

DEBT ADJUSTING



Debt adjusting takes advantage of a consumer who is deeply in debt. This practice is so detrimental to the person that it is now completely outlawed. Debt adjusters state that they will take over the financial management of a person who owes large amounts of money to many creditors. They write to all the creditors

that they are now distributing the debtor's income in proportion to the amount of his debts with each particular company. For this service, the debtor is charged a fee, usually about five percent of his total debts. There is no requirement for creditors to go along with the credit adjuster, and they may sue the debtor anyway. While creditors have every right to do this, the debtor is led to believe that everything is being handled by the adjuster. It isn't.

If you have a problem with your debts, contact your local Credit Bureau, Montana Legal Services (if you qualify for their assistance) or a private attorney.

CHARITY RACKETS



In early 1971, a citizen reported the following incident: A young boy about ten years old knocked on his front door soliciting money for underprivileged children. When asked who the underprivileged children were, the youngster replied, "Me and my brother." Similar occurrences have been reported every year.

There is no way of knowing how many other homes this youngster approached, or how many other people did not ask who the underprivileged children were. The moral: Ask for proper identification before you give.

Businessmen also fall prey to a similar racket. A telephone solicitor tells them that he is working for a local charity soliciting advertisements or contributions. The businessman is not told that in many cases up to 90% of the money collected is retained by the solicitor for "expenses." The charity gets 10%.

While the practice is not completely fraudulent, since the charity does receive some of the proceeds, the businessman gives money under the impression that he is really making a contribution, rather than donating money to a solicitor.

MISSING HEIRS

The chance of being a missing heir to a large estate tempts many people to spend a small sum of money for an estate search. You may open the mail someday to find a letter from a company telling you that someone with your name has passed away in some large city. You might be an heir, you are told, and for \$10.00 this company will check.

These companies send out letters to persons all over the country, many times knowing that all of the heirs have been located. If you are really an heir, you will be contacted by the attorney handling the estate, or the person connected with the estate who is responsible for locating heirs.

Such a scheme was widespread in Montana early in 1975. Montanans by the name of Thomas were contacted by the California Probate Document Service, Canoga Park, California, in regard to an estate of \$11,074.70 under the name of Stanley Thomas, deceased with no known heirs. The firm is under investigation by the California Attorney General.

WILL FORMS



"For \$2", a newspaper advertisement reads, "you can write your own valid will from forms, purchased by mail."

There is no substitute for a will drawn with the advice of an attorney; such a will assures you that your property will go where you want it to go. Contrary to public opinion, it is relatively inexpensive to have a will prepared by an attorney.

CREDIT CONTRACT CAPERS



Credit can be used to take you for a lot more money than needed. Always read your credit contracts and follow these guidelines for avoiding credit contract problems. DO NOT:

1. Sign any credit contract only after empty blanks have been filled. Unused blanks must be filled with O, *, -- or X's.
2. Never sign a substitute contract if a salesman calls you back and tells you the first contract was lost, damaged, or filled out wrong. If this happens, call your attorney or legal aid before you sign another contract. This is called "roll back."
3. Sign a stack of papers put before you only after reading each one.

One of them may be a credit contract. Also, you may be asked to sign a sales ticket or invoice that is really a credit contract.

4. Sign a credit contract only when you are sure that you can meet the payments for the next 2 or 3 years.

5. If the salesman or firm should offer you something other than what is contained in your contract, have them "put it in writing." Verbal agreements are meaningless.

6. If "friendly persuasion" is used in selling "credit life or disability insurance" as a stimulation for selling your contract to a financial institution, before signing, find out who is buying your contract and call and ask if they actually require you to carry this type of insurance. Under the "Truth in Lending Act" full disclosure is mandatory on all installment contracts, including the "annual percentage rate of interest" must be in larger type than the basic contract calls for.

CONSUMER RIGHTS

THE UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION ACT OF 1973

Montana's consumer protection law was enacted as H.B. 54 by the 1973 Legislature. The use of unfair methods of competition or unfair or deceptive acts or practices in the conduct of any trade or commerce are specifically declared unlawful. It is keyed for interpretation to the Federal Trade Commission Act after which it is patterned. The Department may make rules and regulations to further interpret and define unfair and deceptive practices. Several such rules have been promulgated to date.

There are two main types of legal remedies provided by the law. The first of these allows the State to petition the Court for an injunction to prevent the use of unfair or deceptive practices. This remedy is supplemented by the authority to issue Investigative Demands to compel the production of records and testimony, conduct investigative hearings under the Montana Administrative Procedures Act and accept Assurances of Voluntary Compliance.

The second legal remedy allows an individual who has been injured by the use of an unfair or deceptive practice to file suit in District Court to recover up to three times his actual damages plus court costs and attorney's fees.

There are rather severe penalties provided for violation of the Act. Violation of the terms of an Injunction is subject to a ten thousand dollar fine per violation. The Court may also levy a civil penalty of not more than five hundred dollars per violation for engaging in unfair or deceptive practices. A criminal penalty is also provided which upon conviction is punishable by a fine of not more than two thousand dollars or imprisonment for not more than one year or both, at the discretion of the Court.

The County Attorneys in the fifty-six Montana counties have the same powers under the Consumer Protection Act as does the Department of Business Regulation. The County Attorneys in the first and second class counties may designate an employee to act as a full-time investigator.

DOOR-TO-DOOR SALES

The door-to-door sales law, which is an act to provide for a three day cooling off period on door-to-door sales contracts, was enacted as H.B. 480 by the 1973 Legislature. It is designed to give an individual three days in which to rescind a contract for twenty five dollars or more when that contract is entered into at his residence. It requires that the seller give the buyer notice of this right to rescind in a form prescribed by the law. The law also requires the seller to return any downpayment made by the buyer within ten days of rescission.

The Montana door-to-door sales law does not apply to a home solicita-

tion sale in which the buyer has a right of cancellation pursuant to Federal law. Therefore, the slightly more stringent Federal three-day cooling-off period law which became effective June 7, 1974, may supersede the Montana law. Under either law, Montana consumers have an effective means of rescinding unsatisfactory home solicitation sales.

CHAIN DISTRIBUTOR SCHEMES

The 1973 Montana Legislature also enacted H.B. 367 which is an act prohibiting the use of chain distributor schemes. This law defines a chain distributor scheme as a sales device whereby a person, under a condition that he make an investment, is granted a license or a right to recruit for consideration one or more additional persons who are also granted such license or right upon condition of making an investment, and may further perpetuate the chain of persons who are granted such licenses or right upon such condition. Conviction for using such a scheme is considered a felony and is punishable by imprisonment for a period not to exceed one year or a fine of one thousand dollars or both, for the first offense. A second offense is punishable by imprisonment not to exceed five years or a fine of five thousand dollars or both such fine and imprisonment.

FAIR CREDIT REPORTING ACT

The Fair Credit Reporting Act became law on April 25, 1971. It was passed by Congress to protect consumers against the circulation of inaccurate or obsolete information, and to insure that consumer reporting agencies exercise their responsibilities in a manner that is fair and equitable to consumers.

Under this new law you can now take steps to protect yourself if you have been denied credit, insurance, or employment, or if you believe you have had difficulties because of a consumer report on you.

Here are the steps you can take.

YOU HAVE THE RIGHT:

1. To be told the name and address of the consumer reporting agency responsible for preparing a consumer report that was used to deny you credit, insurance, or employment or to increase the cost of credit or insurance.
2. To be told by a consumer reporting agency the nature, substance and sources (except investigative-type sources) of the information (except medical) collected about you.
3. To take anyone of your choice with you when you visit the consumer reporting agency to check on your file.
4. To obtain all information to which you are entitled, free of charge, when you have been denied credit, insurance, or employment within 30 days of your interview. Otherwise, the reporting agency is permitted to charge a reasonable fee for giving you the information.

5. To be told who has received a consumer report on you within the preceding six months, or within the preceding two years if the report was furnished for employment purposes.

6. To have incomplete or incorrect information re-investigated, unless the request is frivolous, and, if the information is found to be inaccurate or cannot be verified, to have such information removed from your file.

7. To have the agency notify those you name (at no cost to you) who have previously received the incorrect or incomplete information that this information has been deleted from your file.

8. When a dispute between you and the reporting agency about information in your file cannot be resolved, you have the right to have your version of such dispute placed in the file and included in future consumer reports.

9. To request the reporting agency to send your version of the dispute to certain businesses for a reasonable fee.

10. To have a consumer report withheld from anyone who under the law does not have a legitimate business need for the information.

11. To sue a reporting agency for damages if it willfully or negligently violates the law and, if you are successful, you can collect attorney's fees and court costs.

12. Not to have adverse information reported after seven years. One major exception is bankruptcy, which may be reported for 14 years.

13. To be notified by a business that it is seeking information about you which would constitute an "Investigative Consumer Report."

14. To request from the business that ordered an investigative report, more information about the nature and scope of the investigation.

15. To discover the nature and substance (but not the sources) of the information that was collected for an "Investigative Consumer Report."

THE FAIR CREDIT REPORT ACT DOES NOT:

1. Give you the right to request a report on yourself from the consumer reporting agency.

2. Give you the right, when you visit the agency, to receive a copy of or to physically handle your file.

3. Compel anyone to do business with an individual consumer.

4. Apply when you request commercial (as distinguished from consumer) credit or business insurance.

5. Authorize any Federal Agency to intervene on behalf of an individual consumer.

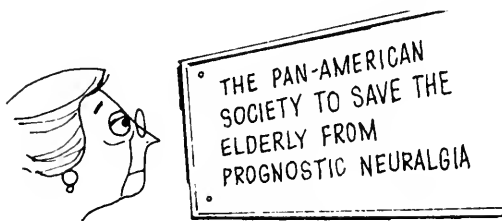
As of July 1, 1975, the Consumer Affairs Division will regulate all credit reporting agencies in Montana.

POSTSECONDARY EDUCATIONAL INSTITUTIONS ACT

It is the policy of this state to encourage and enable its citizens to obtain and receive an education commensurate with their abilities and desires. It is recognized that proprietary institutions offering postsecondary educational, vocational and professional instruction perform a useful and necessary service to the citizens of the state in achieving this objective. It is found that certain institutions have either by unscrupulous, unfair and deceptive practices or through substandard instruction deprived the citizens of this state of educational opportunity and subjected them to financial loss. The actions of such institutions also reflect unfavorably upon the reputable proprietary postsecondary institutions which are in the great majority. Thus it is the purpose of this act to provide for the protection, education and welfare of the citizens of this state.

As of January 1, 1975, the Department of Business Regulation has the authority to license and regulate all proprietary postsecondary institutions in the State of Montana and schools domiciled out of the State of Montana, that are not exempt under this act.

PROTECTION FOR THE ELDERLY



People who are 65 or over are prime targets for ads that offer quick profits on investments, how to dance, "cure all" pills and get-rich-quick schemes of all kinds. The aches and pains of older

people, their need for extra income, their vanishing hopes for a retirement home in the lands of warmth and sun, and their gratitude for attention make them easy targets for false advertising and slick salesmanship. Illegal operators and hit-and-run peddlers entice older people into such schemes that drain them of their life savings.

Sons or daughters can help their parents or older friends in these cases. Seek and maintain their confidence so you can prevent them from becoming victims of nefarious plans that milk them of their savings.

The salesmen who argue that opportunity cannot wait, that it is a limited offer, that you must sign now are the ones who cannot stand an investigative check and should definitely be thoroughly investigated.

A large complaint area deals with health claims. The old time medicine men who sold magical cure-alls and pain killers have all but disappeared. However, selling of false hope in the health field has not disappeared. It has simply kept pace with the times. This doesn't mean that many useful remedies are not being marketed. They are, and the claims made for them are fully justified. It is significant that the labels on medica-

tions must not exaggerate their usefulness. Significant too is the appeal by the peddlers to the fears of the elderly that proper medical diagnosis and treatment would be too expensive, and the person should turn to the new "astounding discoveries" offered by the peddlers. One of the principal deceptions aimed at the elderly is the "cure" for arthritis and rheumatism.

Knowing that many elderly people are hard pressed to stretch their retirement income to cover even the barest necessities, the fast buck operators are all too anxious to sell, at a cruel price, false hope for extra income. There is a pattern to these deceptive offers. The approach is by an advertisement promising excellent, even spectacular profits for easy spare time work. Frequently the ad appears in the "Help Wanted" columns of newspapers. But before the person can start collecting his profit there is usually an investment of money needed for inventory or the purchase of necessary equipment or supplies. Be sure to get all the facts before you invest your money.



Many older people dream of owning a retirement home in the sun. Before rushing to purchase such a home in some advertised area—investigate. Elderly people whose appetite for a retirement

home has been whetted by the advertising of a mail order land developer, would do well to consult with a lawyer or a real estate agent.

Also be warned against "flim flam" artists. If anyone asks you to withdraw cash from your account for an unknown immediate windfall gain, to show good faith for a matching gain, to test the honesty of a bank employee, or for any other strange reason, he or she might well be a "flim flam" artist out to swindle you. **DON'T DO IT!** Contact your bank or the police department immediately.

There are endless other deceptions which might trap the elderly; hearing aid purchases, door-to-door sales, home remodeling and repair, and yard spraying to name just a few. If your investigation of any promotion schemes convinces you that chicanery is being used, by all means contact our Division or the Aging Services Bureau at 449-3124.

WHEN FRAUD HITS

WHAT TO DO

When you have a problem, go first to the businessman against whom you have the complaint. Seek out the owner or the manager of the establishment. "Do not" seek out the sales clerk that sold you the product or service. They do not set the store policy, and remember, "keep your cool" when discussing your complaint. If your complaint concerns a large company, and you cannot locate the salesman, write or phone the company. Check the product instruction book or the guarantee for the address. Also, the City Library has copies of **Standard and Poor's**, a business directory where you can find the address you need, or call our office for assistance. We have several books, listing the major firms in the U.S. and their Consumer Services Representative to contact.

To complain, first give your name. You are important and not ashamed to be speaking out for what you consider to be right. Then tell your story. Tell it straight and avoid the temptation to "tell 'em off." Give the company a chance to reply and settle up . . . but don't be put off. If you are not satisfied, take your problem to the president of the company. Then, if the problem persists, contact the appropriate regulatory agency.

HOW TO DO IT

Telephoning—In phoning a business firm, state your name and say you want to speak about a complaint you have. If you are referred to someone else, tell him your name and the type of complaint you have, such as: "Hello, this is Mary Jones and I have a complaint about an encyclopedia salesman. Are you the person to talk with about this problem?" If he says he is, ask his name and position, and write it down for future reference. He will be prepared to hear your complaint in detail . . . Then listen! There could have been a misunderstanding. If you were wrong, admit it to yourself and to him. Both of you will feel better. But, if he gives you weak excuses such as "human errors, you know," or "we can't control the computer," stick with your position until you get full satisfaction.

Writing—Always keep copies of all your correspondence and records involved with a complaint. The basic form for a letter to a business firm or agency is:

Your Street Address
Hometown,
Montana 59000
Month 27, 1975

The Agency (or the Company)
Smith City Building
Smith City, Montana 59000

Dear Sir:

I am writing about (name and model number of product) bought (date) from (merchant). The bill sale number is _____ (etc., to identify what you are complaining about).

My complaint is: (Then tell your story.)

I thought you would like to know of my dissatisfaction. I look forward to your reply explaining how the problems can be resolved.

Sincerely,
(Your name)

For contract, give the company name and the salesman. Include the date and place of the transaction whether you bought an item or signed a contract. When complaining to a company or an agency, your story is strengthened by **copies** of any contracts, papers, advertisements, labels, letters or samples than you have to exhibit. **Do not send originals.**

If you do not get an answer to your letter, write again. Send carbon copies to our Division, the County Attorney's Office or your attorney if you prefer to have him handle your complaint. Remember that the company is in business to serve you!

HOW TO HELP YOUR LEGISLATOR HELP YOU

Legislators serve all of us when we let them know about our concerns as consumers. You are the most effective consumer lobby. Write or phone your legislator about any consumer issue or personal consumer problem. While your problem may not be resolved immediately, you bring a consumer viewpoint to those who frame the laws of this state and nation.

Your Washington Congressmen are particularly eager to know how you feel on consumer matters. They are drafting federal consumer laws, appropriating funds to consumer agencies and insuring the effectiveness of both the laws and the agencies. Write them at the following addresses:

FOR REPRESENTATIVES:

The Honorable Max Baucus
U.S. House Office Building
Washington, D.C. 20515

The Honorable John Melcher
U.S. House of Representatives
1641 Longworth Building
Washington, D.C. 20515

FOR SENATORS:

The Honorable Mike Mansfield
United States Senate
133 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Lee Metcalf
United States Senate
427 Russell Senate Office Building
Washington, D.C. 20510

ANNUAL STATISTICS

	1973-1974	1974-1975
Total Complaints Opened	536	855
Total Complaints Closed	421	833
Total Complaints Pending	115	22
Original Purchase Price	\$1,221,488.87	\$1,466,341.99
Amount of Monetary Recovery ... \$	39,304.03	\$ 74,006.55

COMPLAINTS RECEIVED

Letter.....	263	386
Telephone.....	216	363
In Person.....	57	106
Referrals.....	35	4
Miscellaneous.....	225*	446*

*Complaints submitted, but forms never returned for processing.

LEGAL ACTION 1973-1975

Investigative Demands

(9)

- 2 Deceptive Advertising
- Unfair Sales Practice
- 3-Day Cooling Off Law
- Unfair Pricing Practices
- Odometer Rollback
- 2 Deceptive Business Practices
- Deceptive Advertising and Business Practices

Voluntary Compliance

(3)

- Deceptive Advertising

Permanent Injunction

(2)

- State of Montana vs. Tom Pogue Studios, Inc., Tuskaloosa, Alabama (Deceptive Advertising)
- Pending case on Deceptive Business Practices

TOP TEN COMPLAINTS BY CATEGORY

Miscellaneous*	18%
Auto Repairs	10%
Appliance Purchase and Repair	9%
Mobile Homes	8%
Non-Delivery of Merchandise	7%
Magazine and Record Clubs	6%
Mail Order Purchases	6%
Auto Purchases	5%
Billing Practices	4%
Hearing Aid Sales and Service	3%

*Freight claims, building contractors, credit bureaus, employment agencies, overcharges, etc.

TOP TEN COMPLAINTS BY COUNTY

1. Lewis and Clark	26%
2. Flathead	10%
3. Cascade	9%
4. Missoula	8%
5. Gallatin	7%
6. Silver Bow	6%
7. Yellowstone	5%
8. Deer Lodge	4%
9. Ravalli	3%
10. Custer	1%

COMPLAINTS BY CATEGORY

1973-1974 1974-1975

Advertising	21	20
Appliance Purchase or Repair	26	76
Auto Purchase	24	42
Auto Repair	41	84
Billing Practices	2	33
Floor Coverings	9	7
Cleaners	4	12
Collection	6	6
Dance, Health or Date Studios	3	1
Door-to-Door Sales	9	13
Food Products	8	3
Furniture	8	8
Household Repair or Service	50	30
Jewelry	5	9
Landlord/Tenant	9	14
Magazine and Record Clubs	21	54
Mail Order	12	53
• Miscellaneous	60	158
Mobile Homes	59	68
Mortgage, Finance, Insurance	18	11
Motorcycles, Boats, Snowmobiles	10	8
Moving and Storage	5	9
Non-Delivery of Merchandise	72	56
Pest Control	2	9
Photography	8	13
• Purchase Plans or Pyramid Franchising	17	12
Real Estate Promotion	6	8
Schools, Investments	8	7
Hearing Aid Sales	13	32

- Complaints not noted with a specific, assigned category. A few examples are: Professional Services, Utilities, Freight Claims, Employment Agencies, etc.

CONSUMER EDUCATION AND NEWS MEDIA

Distributed 100 "Consumer Alerts" to all news media, relating to unfair or deceptive business practices being deployed by various firms, salespeople or advertisements in Montana and the nation.

Released information dealing with dangerous or defective household products under investigation by the Consumer Product Safety Commission.

Distributed 5,000 Consumer Product Safety Commission pamphlets throughout the State on speaking engagements during the fiscal year.

Public Service Announcements broadcasted by 28 Montana radio stations covering areas of interest to all Montana consumers.

Distributed 4,500 Federal Trade Commission pamphlets dealing with various deceptive practices.

Replied to 700 inquiries from Federal, State and Consumer organizations throughout the country, including Canada, Virgin Islands, and Puerto Rico, concerning Montana's Consumer Protection Laws and related consumer matters.

Participated in the Consumer Product Safety Commission's National Toy Safety Program prior to Christmas. This program resulted in 1,228 unsafe toys being removed from stores throughout the country.

ACTIVITIES WITH OTHER STATES AND AGENCIES

Established a communications network with the Attorney General's Office, County Attorneys, State enforcement agencies, Montana Crime Control Commission, Federal Trade Commission, Consumer Product Safety Commission, and Consumer Protection Divisions of other states to exchange information and ideas about known operations practicing unfair or deceptive business practices within the state and the nation.

Toured 7 Montana communities with the Superintendent of Public Instruction's Office, conducting Consumer Fraud and Protection Workshops attended by 331 teachers.

CONSUMER EDUCATION SPEAKING ENGAGEMENTS

Montana County Attorney's Convention - East Glacier
Butte Consumer Credit Association - Butte
Montana Consumer Finance Association - East Glacier
Mobile Home Dealers - Billings
Consumer Affairs Council - Helena
Fact and Consumer Today - Broadus
Consumer Rights Seminar - Helena
Business Relations Association - Miles City
M.P.S. Credit Union - Helena
Missoula Chamber of Commerce - Missoula
Carroll College Economics - Helena
Montana Credit Unions League - Billings
Helena Senior High Schools - Helena
Helena Junior High School - Helena
Intergovernmental Coordinators - Helena
Home Economics - Montana State University, Bozeman
Commerce classes - Montana State University, Bozeman
Indian Consumer Workshop - Helena
Billings Consumer Credit League - Billings
Billings Merchant's Association - Billings
Great Falls Advertising Club - Great Falls
"Face the State" - KXLF TV, Butte
"Peter Barry Show" - KCAP Radio, Helena
"Rosetta Show" - KBLL, Helena
Home Extension Telethon - Glendive
Vocational Youth Leadership Conference - Helena
Montana Federation of Teachers - Fairmont Hot Springs
Montana Home Extension Service Conference - Bozeman
K.K.G. Professional Educators - Helena
Polson High General Forum - Polson
Home Extension Telethon - Forsyth
Helena Vo-Tech Classes - Helena
Home Economics classes - Montana State University, Bozeman
Home Economics classes - University of Montana, Missoula
Home Extension Service - Lincoln
Home Extension Service - East Helena
Home Extension Regional Conference - Lewistown
Fergus County High Students - Lewistown
Consumer Education classes - University of Montana, Missoula
Lewis and Clark Merchant's Association - Helena
Christian Women's Club - Helena
M.B.M.D. Convention - Fairmont Hot Springs
"Marketplace Accountability" - Montana State University, Bozeman
Product Safety Commission Conference - Billings
Montana Consumer Advisory Council Convention - Helena
Home Extension Service - Missoula

DIRECTORY OF CONSUMER AGENCIES

STATE

MAJOR STATE AGENCIES HANDLING CONSUMER COMPLAINTS

Consumer Affairs Division 805 North Main Street Helena, MT 59601	449-3163	Enforcement of all consumer protection laws excluding public utilities
Consumer Counsel 330 Fuller Avenue Helena, MT 59601	449-2771	Public Utilities and transportation
Citizen's Advocate Room 214 toll free 800-332-2272 Capitol Building Helena, MT 59601	449-3468	All complaints against State Government
Environmental Services Board of Health Building Helena, MT 59601	449-2408	Consumer Product Safety Complaints

OTHER STATE AGENCIES HAVING JURISDICTION IN COMPLAINTS

ABSTRACTERS, Board of.....	449-3737
AGING Services Bureau.....	449-3124
ARCHITECTS, Board of	449-3737
ATHLETICS, Board of.....	449-3737
BARBERS, Board of	449-3737
CHIROPRACTORS, Board of.....	449-3737
COSMETOLOGISTS, Board of.....	449-3737
CONSTRUCTION Regulation	449-3104
DENTISTS, Board of.....	449-3737
ELECTRICAL Board	449-3739
FINANCIAL Division (BANKS).....	449-3163
HAIL INSURANCE Board	449-3730
HEARING AID DISPENSERS.....	449-3737
HORSE RACING, Board of.....	449-3737

INSURANCE Division	449-2040
INVESTMENT Division	449-2040
MASSAGE THERAPISTS, Board of	449-3737
MEDICAL DOCTORS, Board of	449-3737
MORTICIANS, Board of	449-3737
NURSING, Board of	449-3737
NURSING HOME ADMINISTRATORS	449-3737
OPTOMETRISTS, Board of	449-3737
OSTEOPATHIC PHYSICIANS	449-3737
OUTFITTERS & GUIDES	449-2652
PESTICIDES Division	449-3730
PHARMACISTS, Board of	449-3737
PLUMBERS, Board of	449-3737
PROFESSIONAL ENGINEERS &	449-3737
LAND SURVEYORS	
PSYCHOLOGISTS, Board of	449-3737
PUBLIC ACCOUNTANTS, Board of	449-3737
REAL ESTATE, Board of	449-3739
VETERINARIANS, Board of	449-3737
WATER WELL CONTRACTORS.....	449-3737
WEIGHTS & MEASURES.....	449-3163



THE WINNER!

LOCAL

COUNTY ATTORNEYS' OFFICES

COUNTY EXTENSION SERVICES

CHAMBER OF COMMERCE

MONTANA LEGAL SERVICES

MONTANA CONSUMER AFFAIRS COUNCIL

MONTANA MEDICAL ASSOCIATION - on county level

MONTANA DENTAL ASSOCIATION - on county level

Another source of assistance for a consumer with a complaint is the attorney in private practice.

If you don't have an attorney, ask friends to recommend one. Another method for finding an attorney is to get in touch with the lawyer referral service in your area. This is an organization operated by the bar association for the purpose of aiding consumers in finding an attorney.

If you find yourself a victim of an expensive consumer fraud or are involved in a costly dispute over a contract or over other agreements involving goods and services, a lawyer can advise you about the best steps to follow in an attempt to resolve your problem.

The need for legal aid in consumer matters, of course, is not restricted to those who can afford it. In fact, it is very often those who can least afford it who are most in need of legal counsel. Such counsel is available at legal service offices for those who qualify. If you don't know where the legal service office in your area is, inquire at the county courthouse or bar association.

If you have retained private counsel, our office will be glad to work with them on consumer related matters.

FEDERAL

AGRICULTURE (Dept. of)

Mrs. Nancy H. Steorts
Special Assistant to the
Secretary for Consumer
Affairs

Department of Agriculture
Washington, D.C. 20250
202/447-3165

CIVIL AERONAUTICS BOARD

Mr. Jack Yohe, Director
Office of the Consumer Advocate
Civil Aeronautics Board
Washington, D.C. 20428
202/382-6376

COMMERCE (Dept. of)

Mr. John P. Kearney, Director
Office of the Ombudsman
for Business
Department of Commerce
Washington, D.C. 20230
for information:
Dr. William Boice
202/967-4054

COMPTROLLER OF THE CURRENCY

Mr. Thomas Taylor
Consumer Affairs Division
Comptroller of the Currency
Washington, D.C. 20219
202/447-1600

CONSUMER PRODUCT SAFETY COMMISSION

Mr. William White
Bureau of Information and
Education
Consumer Product Safety
Commission
5401 Westbard Avenue
Bethesda, Maryland 20207
301/496-7621

DEFENSE (Department of)

Col. Paul R. Holland, Jr.
Director of Personal Commercial
Affairs (Military Personnel
Policy)
Office of Assistant Secretary
of Defense (M&RA)
Department of Defense
Room 2B-269 Pentagon
Washington, D.C. 20301
202/OX 7-2122

ENVIRONMENTAL PROTECTION AGENCY

Mr. Russell Train
Administrator
Environmental Protection Agency
401 "M" Street, S.W.
Washington, D.C. 20460
202/755-2700

FEDERAL AVIATION ADMINISTRATION

Mr. L.J. Churchville
Assistant Administrator
Information Services, FAA
800 Independence Ave. S.W.
Washington, D.C. 20591
202/426-3883

FEDERAL COMMUNICATIONS COMMISSION

Mr. Alexander Korn
Consumer Liaison Officer
Federal Communications
Commission
1919 M Street, N.W.
Washington, D.C. 20554
202/632-7213

FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. Reford J. Wedel
Deputy General Counsel
Federal Deposit Insurance
Corporation
550 - 17th Street, N.W.
Washington, D.C. 20249
202/389-4387

FEDERAL ENERGY ADMINISTRATION

Ms. Hazel Rollins, Director
Office of Consumer Affairs
and Special Impact
Federal Energy Adminis.
2000 "M" Street, N.W.
Washington, D.C. 20461
202/254-7546

FEDERAL HOME LOAN BANK BOARD

Mr. Richard Platt, Director
Office of Housing and Urban
Affairs
Federal Home Loan Bank
Board
320 First Street, N.W.
Washington, D.C. 20552
202/386-5317

**FEDERAL POWER
COMMISSION**

Mr. Emmett J. Gavin
Special Assistant to the
Chairman
Federal Power Commission
825 N. Capitol Street, N.E.
Washington, D.C. 20580
202/386-6081

FEDERAL RESERVE SYSTEM

Mr. Frederick Solomon
Office of Saver and Consumer
Affairs
Federal Reserve System
Washington, D.C. 20551
202/452-3401

FEDERAL TRADE COMMISSION

The Secretary
Federal Trade Commission
6th & Pennsylvania Ave. N.W.
Washington, D.C. 20580
Attention: Correspondence
202/962-0378

FOOD & DRUG ADMINISTRATION

Dr. Ruth Beeler White, Dir.
Food & Drug Administration
5600 Fishers Lane
Rockville, Maryland 20856
301-443-3170

**GENERAL SERVICES
ADMINISTRATION**

Mr. Arthur Sampson
Administrator, GSA
18th & F Streets, N.W.
Washington, D.C. 20405
202/343-6161

GOVERNMENT PRINTING OFFICE

Superintendent of Documents
Attention: Consumer
Customer Information
Branch, Service Section
U.S. Gov't. Printing Office
Washington, D.C. 20402

**HEALTH, EDUCATION AND
WELFARE (Administration on
Aging)**

Mr. Decker Anstrom
Assistant to the Commissioner
Administration on Aging
Washington, D.C. 20201
202/245-0720

**HEALTH, EDUCATION AND
WELFARE (Office of
Consumer Affairs)**

Mr. Virginia H. Knauer
Director
Office of Consumer Affairs
330 Independence Avenue, S.W.
Washington, D.C. 20201
202/245-6164

**HEALTH, EDUCATION AND
WELFARE (Office of Education)**

Commissioner's
Correspondence Staff
Office of Education
Room 4044 - FOB #6
Washington, D.C. 20201

**HEALTH, EDUCATION AND
WELFARE (Social & Rehabilitation
Service)**

Mr. Paul Howard
Social & Rehabilitation Service
Room 3116, HEW South Bldg.
Washington, D.C. 20201

**HOUSING AND URBAN DEVELOP-
MENT (Department of)**

Mr. Wilbur Jones
Special Assistant to the
Secretary
Department of Housing and
Urban Development
Washington, D.C. 20410
202/755-7976

INTERIOR (Department of)

Honorable Rogers C.B. Morton
Secretary of Interior
Washington, D.C. 20240
Tel.: 202/343-6412

**INTERSTATE COMMERCE
COMMISSION**

Mr. Warner L. Baylor
Consumer Affairs Officer
Interstate Commerce Com-
mission
Washington, D.C. 20423
203/343-4141

Rail Services Planning Office

Mr. A. Grey Staples
Public Counsel
1900 "L" Street, N.W.
Washington, D.C. 20036
202/254-3900

JUSTICE (Department of)

Ms. Mary E. Goetten
Consumer Affairs Specialist
Antitrust Division, Justice Dept.
414 - 11th Street, N.W.
Washington, D.C. 20530
202/739-2537

LABOR (Department of)

Office of the Secretary
Department of Labor
Washington, D.C. 20210

U.S. POSTAL SERVICE

Mr. Thomas W. Chadwick
Consumer Advocate
U.S. Postal Service
Washington, D.C. 20260
202/245-4550

PUBLIC HEALTH SERVICE

Mr. Martin Frankel
Public Health Service
Rm. 17B08 Parklawn Bldg.
5600 Fishers Lane
Rockville, MD 20852
301/443-6656

**SECURITIES & EXCHANGE
COMMISSION**

Ms. Barbara J. McTigue
Office of the Exec. Director
Securities & Exchange Commission
Washington, D.C. 20549

**SMALL BUSINESS
ADMINISTRATION**

Mr. Thomas S. Kleppe
Administrator, SBA
1441 "L" Street, N.W., Rm. 1008
Washington, D.C. 20416
202/382-5181

**SOCIAL SECURITY
ADMINISTRATION**

Division of Public Inquiries
Social Security Administration
4-A-5 Annex
Baltimore, Maryland 21235
Attention: Mr. John Eggen
301/594-6660

STATE (Department of)

Mr. Harry Orr
Office of Special Consular
Service
Department of State
Washington, D.C. 20520
202/632-3651

TRANSPORTATION (Dept. of)

Ms. Antonina P. Uccello
Director, Office of
Consumer Affairs, DOT
Washington, D.C. 20590
202/426-4518

**National Highway Traffic
Safety Administration**

Mr. Gilbert Watson
Chief, Consumer Affairs
NHTSA, Dept. of Trans.
Washington, D.C. 20590
202/426-0670

TREASURY (Dept. of)—Taxes

Mr. Emil M. Sunley, Jr.
Associate Director
Office of Tax Analysis
Dept. of the Treasury
Washington, D.C. 20220
202/964-2318

Alcohol, Tobacco, Firearms

Office of the Director
Alcohol, Tobacco & Firearms
12th & Pa. Ave. N.W.,
Washington, D.C. 20224
202/961-7511

Other (and General)

Mr. John Auten, Director
Office of the Financial Analysis
Dept. of the Treasury
Washington, D.C. 20220
202/964-5914

"The goal of any legislation offering consumer protection cannot be to offer complete and absolute protection to the individual, even from his own misjudgment. Rather the objective should be to put the consumer on equal footing with the vendor, by providing such information as will allow him to make an intelligent evaluation of the particular transaction and to protect him from deceptive, illegal, and abusive practices."

"The individual is the best regulator of his own personal affairs, and to aid him in this he should at least have the opportunity to inform himself of the cost of the transaction and his responsibilities under the contract."

Let me end with a story that has some relation to how some of industry views consumer protection agencies.

The story takes place during a period in this country's history when it started raining. It rained day and night for 30 days; all over the world, it was raining. It was flooding and the rivers were swollen, and all the dams were starting to break.

People asked the International Meteorological Association, "What is the forecast?"

They said, "No end in sight." So the Proverbial 40 days and 40 nights were going to visit the earth again and, in anticipation of that, religious leaders started calling their groups together.

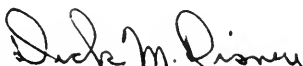
The Protestant minister called his group together and said, "The 40 days and 40 nights of rain are visting the earth again. You should all, collectively and individually, ask for forgiveness and be prepared to meet our Maker."

The Catholic priest called his group together and said essentially the same thing, "We should be prepared to meet our Maker."

The rabbi called his group together and said, "We have exactly ten days left to learn how to live underwater."

That is an interesting philosophy for businessmen. Some of them think we are asking them to live underwater; others see it as an opportunity.

Respectfully submitted,



DICK M. DISNEY, Administrator
Consumer Affairs Division

